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MULTIMEDIA UNIVERSITY

FINAL EXAMINATION

TRIMESTER 3, 2015 / 2016 SESSION

DEC5038 – ENTREPRENEURSHIP
(For Diploma Students Only)

1 JUNE 2016
9.00 a.m. – 11.00 a.m.
(2 Hours)

INSTRUCTIONS TO STUDENT

1. This question paper consists of 11 pages with 3 sections.
2. Answer **ALL** questions.
3. For section A and B, shade your answers in the OMR sheet provided.
4. For section C, write your answers in the answer booklet provided.

SECTION A: MULTIPLE CHOICE QUESTIONS (each question carries 1 mark).

1. Entrepreneurs typically possess _____.
 - A. the ability to easily access capital
 - B. a set of unique skills that is usually accompanied by advanced degrees in several areas
 - C. a high level of commitment, tolerance for ambiguity, are flexibility and tenacity
 - D. specialised technical abilities

2. _____ vertical thinking counts on convergent reasoning, the ability to evaluate multiple ideas and to choose the best solution to a problem.
 - A. Left-brained
 - B. Right-brained
 - C. Unconventional
 - D. Intuitive

3. Which of the following step forces on the creative process in transforming the idea into reality?
 - A. Implementation
 - B. Preparation
 - C. Illumination
 - D. Verification

4. One of the most valuable set of resources is _____.
 - A. setting limits and providing challenges
 - B. establishing rules and guidelines
 - C. time, support and encouragement
 - D. reinforce traditional problem solving methods

5. Which of the following is NOT an enhancement to individual creativity?
 - A. Listening to other people.
 - B. Recognising the creative power of mistakes.
 - C. Keeping a toy box in your office.
 - D. Working without breaks until the project is complete or the problem is solved.

Continued.....

6. The premise behind _____ is that transforming an idea into an actual model will lead to improvements in its design.

- rapid prototyping
- mind-mapping
- brainstorming
- inventions

7. Copyrights protect the creator of original works such as _____.

- software, choreography, and motion pictures
- symbols, names, and designs
- text and verbiage of any kind
- slogans and designs

8. The value test that a business plan must pass to attract financing from lenders and investors involves proving _____.

- that the company can gain a competitive advantage over its key competitors
- that the business venture will provide lenders and investors a high probability of repayment or an attractive rate of return
- that a market for the company's product or service actually does exist and that the company can actually build it for the cost estimates included in the plan
- that the industry in which the business will compete is growing faster than the overall economy and has room for more competitors

9. Maria is the owner of the Main Street Café and a new restaurant opens a few blocks away. From Maria's perspective, this new restaurant constitutes a(n) _____.

- strength
- weakness
- threat
- opportunity

10. Which of the following is NOT a macro force that creates change in industries?

- Sociocultural
- Economic
- Technological
- Entry barriers

Continued.....

11. Generally, an industry is more attractive when companies in the industry have _____ switching costs to go from one supplier to another.

- A. high
- B. moderate
- C. significant
- D. low

12. Which of the following is NOT a barrier to entry?

- A. Capital requirements
- B. Large number of buyers
- C. Specialised knowledge
- D. Access to distribution channels

13. Printed newspapers have seen their readership rates decline as new generations of potential readers turn to their iPads and smartphones for sources of news. This is an example of _____.

- A. threat of substitutes
- B. bargaining power of buyers
- C. bargaining power of suppliers
- D. rivalry among existing firms

14. A(n) _____ trial involves sending researchers into customers' homes to observe them as they use the company's product or service.

- A. in-home
- B. prototype
- C. windshield
- D. focus group

15. Time out of cash is relevant to _____ analysis.

- A. strategic
- B. business model
- C. business plan
- D. financial feasibility

Continued.....

16. The process in which entrepreneurs test their business models on a small scale before committing serious resources to launch a business that might not work is known as _____.

- A. business modeling
- B. business prototyping
- C. business planning
- D. product or service feasibility analysis

17. The Business Model Canvas has _____ elements.

- A. 3
- B. 5
- C. 9
- D. 6

18. A limited liability company is MOST likely a _____.

- A. general partnership
- B. master partnership
- C. sole proprietorship
- D. S corporation

19. Which of the following is NOT an advantage of the corporate form of ownership?

- A. Limited liability for the owners.
- B. It is the easiest and least expensive form of ownership to create.
- C. Easy transfer of ownership.
- D. Perpetual life.

20. _____ franchising involves providing the franchisee with a complete business system, with an established name, the building layout and design, accounting systems, and other elements while _____ franchising allows the franchisee to use the franchisor's trade name without distributing the products exclusively under the franchisor's name.

- A. Product distribution; trade name
- B. Trade name; pure
- C. Pure; trade name
- D. Pure; product distribution

Continued.....

21. Some franchisors offer _____ to give existing franchisees the right to exclusive distribution of brand name goods or services within a particular geographic area.

- A. territorial protection
- B. exclusive rights
- C. guaranteed protection
- D. exclusivity

22. Which of the following is NOT a potential advantage of franchising?

- A. Management training and assistance
- B. National advertising program
- C. Centralised buying power
- D. Limited product line

23. McDonald's recently set up several small franchises in nontraditional locations such as hospital, college campus, airport, subway station, and sports arena. These locations are based on the principle of _____.

- A. conversion franchising
- B. intercept marketing
- C. multi-unit franchising
- D. cobranding

24. Your friend has decided to conduct market research to assist in making informed decisions for her/his small business. What should you recommend as the first step in the market research process?

- A. Collect data
- B. Define the objective
- C. Design the research
- D. Determine the relevant information

25. Examples of _____ include presence on Facebook, LinkedIn and Twitter.

- A. Web sites
- B. blogging
- C. social media marketing
- D. online advertising

Continued.....

26. Unlike television ads, uploading a video to YouTube costs _____.

- A. a lot
- B. nothing
- C. less
- D. RM100 per month

27. Which of the following is a way to improve customer service?

- A. View customer service as an expense.
- B. Avoid employees for feedback on improving customer service.
- C. Develop a service theme that communicates the importance of customer service in the company.
- D. Ignore customer's opinion.

28. Location, delivery services, effective use of easy-to-use technology and multiple communication options are examples of _____.

- A. convenience
- B. customer service
- C. blogging
- D. social media marketing

29. To attract potential customers, a _____ can serve multiple business purposes, including keeping customers updated on new products, enhancing customer service, and promoting the company.

- A. newspaper advertisement
- B. brochure
- C. blog
- D. radio promotion

30. The number of visitors to a company's Web site who view a single page and leave without viewing other pages is referred to as the _____.

- A. stickiness of the site
- B. click-stream
- C. conversion ratio
- D. bounce rate

Continued.....

31. There are two conflicting goals regarding security where the first one is to establish a presence on the Web so that customers from across the globe can have access to its site, and the second goal is to _____.

- A. maintain a database system of customer information and preferences
- B. have a system in place to prosecute hackers
- C. maintain a high level of security so that the business, its site, and the information it collects are safe from hackers and intruders intent on doing harm
- D. develop an in-house payment processing system

32. CD Connection sells popular CDs at three price levels: RM11, RM14, and RM17. This illustrates which of the following pricing techniques?

- A. Odd pricing
- B. Leader pricing
- C. Price lining
- D. Suggested retail pricing

33. A MP3 player is sold at a price close to the break-even point, but the accessories for the product are priced at a premium, offering impressive contribution margins. This is an example of _____.

- A. byproduct pricing
- B. bundling
- C. captive-product pricing
- D. multiple-unit pricing

34. Your local grocery store uses a pricing technique known as _____ on a weekly basis, in which they mark down the price of several popular items, sometimes well below their normal price, in an effort to increase customer traffic and to boost sales of other items.

- A. odd pricing
- B. leader pricing
- C. price lining
- D. suggested retail pricing

35. When searching for capital to launch a company, entrepreneurs should remember several "secrets" to successful financing. Which of the following is NOT one of those secrets?

- A. Choosing the right sources of capital can be just as important as choosing the right form of ownership or the right location.
- B. The money is out there, but the key is knowing where to look.
- C. Creativity counts when searching for financing.
- D. Raising money should not take very long therefore, if it does not come quickly, it probably will not come at all.

Continued.....

36. A(n) _____ is when a company raises capital by selling shares of its stock to the general public for the first time.

- A. venture capital offering
- B. partnership
- C. debt equity arrangement
- D. initial public offering

37. A company pledging its inventory, accounts receivables, or fixtures as collateral for a loan is using _____.

- A. floor planning
- B. asset-based financing
- C. trade credit
- D. margin loan

38. The second step in creating a sound export strategy involves _____.

- A. analysing the product or service
- B. recognising the potential to export
- C. analyse your commitment
- D. research market and pick your target

39. Muthu won a contract to provide nuts, bolts, and washers to a small African country's military. Unfortunately, neither his bankers nor venture capitalists would provide the loans needed to buy the material to produce the order. The bank did not do international loans. Which barrier to international trade is Muthu experiencing?

- A. Financing
- B. Information
- C. Cultural
- D. Attitude

40. The first obstacle an entrepreneur must overcome on the way to creating a truly global business is _____.

- A. finding a joint venture partner
- B. learning to think globally
- C. locating motivated, multilingual managers for overseas assignments
- D. finding overseas distributors for the company's products

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SECTION B: TRUE/FALSE QUESTIONS (each question carries 1 mark).**Shade "A" for TRUE and "B" for FALSE. (10 marks)**

41. Small companies' core competencies are often the result of benefits such as agility, speed, closeness to customers, superior service, and innovative ability — all of which are size advantages that allow them to do things that their larger competitors cannot.
42. First comes feasibility analysis, and then comes idea assessment.
43. If a sole proprietor dies, retires, or becomes incapacitated, the business automatically terminates.
44. If a franchisor encourages you to sign without reading the agreement, or discourages you from spending the money on an attorney, this is a warning sign that the franchisor might be dishonest.
45. Truly customer-oriented companies seek to go beyond customer satisfaction, striving for superior customer service.
46. Research indicates that younger audiences do not take the time to seek product information before they make a purchase.
47. Businesses that publish privacy policies, and then adhere to them, build trust among their customers, an important aspect of doing business on the Web.
48. Crowd funding is a process in which entrepreneurs tap their personal savings and use creative, low-cost start-up methods to launch their businesses.
49. Some of the strategic options entrepreneurs have when deciding to go global include the Web, joint ventures, and franchising.
50. A letter of debit is an agreement between an exporter's bank and a foreign buyer's bank that guarantees payment to the exporter for a specific shipment of goods.

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SECTION C: STRUCTURED QUESTIONS (50 marks)**QUESTION 1**

“We do not require large amount of money to be effective, creativity is the matter. “

- (a) Define bootstrap marketing strategies. (2 marks)
- (b) Provide any **TWO (2)** examples of bootstrap marketing tactics. (2 marks)
- (c) (i) Identify the **THREE (3)** characteristics of total quality management. (3 marks)
- (ii) List **THREE (3)** characteristics of time compression management. (3 marks)

QUESTION 2

New Town Coffee is a newly established local company that serves coffee and desserts. Its founders, Vincent and Leong, are considering to launch a Web site to promote their coffee products and marketing events.

As a consultant of New Town Coffee, suggest at least **FIVE (5)** characteristics of a successful website. (10 marks)

QUESTION 3

- a) Name and explain the **THREE (3)** basic pricing strategies a small business owner has in establishing a new product's price. (6 marks)
- b) Briefly, explain any **TWO (2)** ways on how a company deals with the rising cost that is affecting the industry today. (4 marks)

Continued.....

QUESTION 4

a) Explain the **THREE (3)** differences between equity and debt capital. **(6 marks)**

b) Explain **ONE (1)** advantage and **ONE (1)** disadvantage of capital financing. **(4 marks)**

QUESTION 5

a) Nano Technologies Sdn Bhd has agreed to export its products to wholesalers in Indonesia. This is the first global business deal had accepted by this company.

Explain **FOUR (4)** advantages of small business like Nano Technologies Sdn Bhd going global. **(4 marks)**

b) Define the following terms:

i. Tariff **(2 marks)**

ii. Countertrading **(2 marks)**

iii. Foreign licensing **(2 marks)**

[TOTAL 50 MARKS]

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